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SAVION, LLC POSITION

Savion, LLC

)
) **Public Utility Commission**
) **of Texas**
) **Project No. 51840**
) **Rulemaking to Establish**
) **Electric Weatherization Standards**
)

FEEDBACK ON PROJECT 51840

I. BACKGROUND

The Public Utility Commission of Texas Staff proposes for discussion a draft of new 16 Texas Administrative Code (TAC) §25.55 to implement weather emergency preparedness measures for generation entities and transmission service providers in the Electric Reliability Council of Texas (ERCOT) power region, as required by Senate Bill 3,87th Legislature Session (Regular Session).

Commission Staff also requests comments on the following questions:

1. What is the availability of statistically reliable weather information from, e.g. the American Society of Heating, Refrigeration and Air Conditioning Engineers; National Weather Service; or other sources for the ERCOT power region? Please share the source of that information.

2. Do existing market-based mechanisms provide sufficient opportunity for cost recovery to meet the weather reliability standards proposed in the discussion draft? If not, what cost recovery mechanisms should be included in the proposed rule?

Staff requests written comment on the discussion draft and responses to the questions for comment by 3 p.m. CT on July 30, 2021. Comments should be organized in a manner consistent with the organization of the draft rule.

II. SAVION RESPONSE

Question 1: Statistically reliable weather data is available from NOAA.

Questions 2: ERCOT currently uses an ORDC mechanism to compensate generation available during low-reserve events. Since ERCOT is an energy-only market, the ORDC is the only mechanism available to signal that new or more reliable generation needs to be built.

Other markets, notably PJM and MISO, have annual auctions for reliable service that take into consideration individual generator availability to determine offer volumes. ERCOT could develop a reliability auction/market in a similar manner.

III. SAVION COMMENTS TO TAC §25.55

Proposed language for TAC §25.55¹. Comments are listed by section reference

(b) (4) Weather preparation measures should be filed with ERCOT or PUCT. If the measures are inadequate, ERCOT or the PUCT should inform the market participant before an event.

(c) (1) Weather study criteria should look at statistical probabilities of basic weather history but should identify risk scenarios that may exist in the extreme situation. By identifying risk scenarios, market participants will have a better guide by which to develop preparation measures.

¹ §25.55 location http://interchange.puc.texas.gov/Documents/51840_32_1140259.PDF

Extreme weather scenarios should also be tailored to the ERCOT region. For example, the panhandle will not experience as much flooding as the Gulf Coast.

(d) If different weather reliability standards are to be selected by market participants, economic incentives would be needed to incent selection of enhanced weather reliability or BSS. A discussion of these incentives would be needed to complete the weatherization rule.